

Message Text

UNCLASSIFIED

PAGE 01 NEW DE 14452 130943Z
ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
L-03 AID-05 /034 W
-----088898 140144Z /45
R 130939Z OCT 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 6684

UNCLAS NEW DELHI 14452

E.O. 11652: N/A
TAGS: EINV IN
SUBJECT: POLITICAL RISK CONVERTIBILITY INSURANCE (OPIC)

REF: (A) STATE A-1080 (B) STATE 229419

1. THE EXPERIENCE OF MOST US INVESTORS IN INDIA INDICATES THAT INDIAN GOVERNMENT APPROVAL FOR CURRENCY TRANSFERS ARE GENERALLY FORTHCOMING WITHIN A PERIOD OF ABOUT 30 TO 90 DAYS FROM DATE OF APPLICATION TO THE RESERVE BANK OF INDIA (RBI) OR THE APPROPRIATE OFFICIAL AGENCY. THERE HAVE BEEN SOME CASES OF DELAY BEYOND THIS PERIOD BUT THESE HAVE RESULTED LARGELY DUE TO THE FAILURE OF US COMPANIES OR THEIR INDIAN AFFILIATES IN PROVIDING NECESSARY SUPPORTING DOCUMENTATION AT THE TIME OF MAKING APPLICATION. WHEN APPLICATION IS COMPLETE IN ALL RESPECTS, THE BUREAUCRATIC TIME REQUIRED FOR PROCESSING CURRENCY CONVERTIBILITY REQUESTS FOR REPATRIATION OF DIVIDENDS, ROYALTIES, PROFITS, AND LOANS ARE COMPLETED WITHIN THE ABOVE TIME PERIOD.

2. IN CERTAIN CASES WHERE US INVESTORS HAVE FAILED TO COMPLY WITH GOI DIRECTIVES ON SPECIFIC ISSUES LIKE FULFILMENT OF EXPORT COMMITMENTS, COMPLIANCE WITH THE REQUIREMENTS OF THE FOREIGN EXCHANGE REGULATIONS ACT (FERA), AND THE LIMITING OF INDUSTRIAL PRODUCTION TO WITHIN LICENSED CAPACITIES, CURRENCY CONVERTIBILITY APPLICATIONS MIGHT BE DELAYED.

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PAGE 02 NEW DE 14452 130943Z

HOWEVER WHEN US INVESTORS CONCERNED COMPLY WITH SUCH DIRECTIVES OR SHOW REASONABLE CAUSE FOR NON-COMPLIANCE, SUCH CONVERTIBILITY RESTRICTIONS ARE, ON RECONSIDERATION, GENERALLY WAIVED.

3. US INVESTORS IN INDIA HAVE GENERALLY TENDED TO RESOLVE ALL MATTERS CONCERNED WITH CURRENCY CONVERSION DELAYS THROUGH DIRECT NEGOTIATIONS WITH THE RESERVE BANK OF INDIA OR THE GOI

AGENCY CONCERNED. DURING THE LAST SEVERAL YEARS THE ONLY CASE THAT HAS COME TO OUR ATTENTION WHERE OPIC INTERVENTION WAS SOUGHT WAS BY MCNALLY PITTSBURG MANUFACTURING CORPORATION, PITTSBURG, KANSAS. IN THIS CASE, THE CAUSE WAS FAILURE OF THE INDIAN AFFILIATE OF MCNALLY (MCNALLY BHARAT ENGINEERING CO. LIMITED) TO COMPLY WITH SPECIFIC GOI DIRECTIVES ON FOREIGN EQUITY DILUTION.GOHEEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, FOREIGN INVESTMENTS, INVESTMENT GUARANTEES
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Film Number: D770376-0790
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
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ISecure: 1
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Original Classification: UNCLASSIFIED
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